



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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Chairman, BOE

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FOR IMMEDIATE RELEASE

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**CHIANG ANNOUNCES \$125 MILLION SURGE
IN TAX RECEIPTS FROM CIGARETTE AND TOBACCO SALES**

State Board of Equalization (BOE) Chair John Chiang today announced that BOE enforcement measures have produced an additional \$93 million in cigarette and tobacco products tax collected in the past 20 months. Another \$32 million in sales tax was also generated by the increased enforcement.

“While cigarette and tobacco consumption continues to decline, the tax receipts from those products are increasing,” said Chair John Chiang. “This is strong evidence that our enforcement measures have successfully reduced evasion and generated healthy revenue for California programs.”

Cigarette and tobacco product tax increases have historically caused tax evasion to increase and consumption to decline, which sends tax revenues downward by three percent each year. However recent efforts that include a licensing program have helped to curb evasion and boost collections.

The California Cigarette and Tobacco Products Licensing Act of 2003 requires all cigarette and tobacco wholesalers, distributors and retailers to be licensed by the BOE. Over 45,000 licenses have been issued to date.

Tax receipts were also boosted by the introduction of a new, high-tech cigarette tax stamp affixed to the bottom of cigarette packs to indicate the 87 cent excise tax was paid. Unlike the previous stamp, which was a heat-applied decal, the new stamp is a brightly colored sticker featuring the California State Bear and multiple security features to combat counterfeiting.

The State of California loses an estimated \$292 million annually from cigarette tax evasion. Taxes collected on these products support hospital services, health education, breast cancer research and prevention, and childhood development programs. Nearly \$9 million of the new cigarette and tobacco excise tax dollars go to the State’s general fund, along with almost \$20 million of the new sales tax revenue.

Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

The five-member Board of Equalization is a publicly elected tax board. The Board collects more than \$44 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and State Controller Steve Westly.

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